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Proposed budget for the International Seabed Authority for the Financial Period 2009-2010

Report of the Secretary-General

I. Introduction

1. The present report sets out the proposed budgetary requirements for the International Seabed Authority for the financial period 2009-2010. In accordance with the 1982 United Nations Convention on the Law of the Sea ("the Convention") and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 ("the Agreement"), the administrative expenses of the Authority shall be met by assessed contributions of members of the Authority, until the Authority has sufficient funds from other sources to meet those expenses. The proposed budgetary requirements are for biennium 2009-2010. Contributions to the budget will be made on an annual basis for each of the two years.

II. Summary of budget proposals for the financial period 2009-2010

2. The Secretary-General estimates that the budgetary requirements of the Authority for 2009 and 2010 will be in the amounts of $6,269,200 and $6,483,200, respectively. The estimate for 2009 comprises $5,220,800 for the administrative expenses of the Authority and $1,048,400 for conference-servicing requirements. The estimate for 2010 comprises $5,401,200 for the administrative expenses of the Authority and $1,082,000 for conference-servicing requirements. A summary of the proposed administrative budget for the biennium 2009-2010, totalling $12,752,400, is contained in annex I.

3. The proposed budget for 2009 represents an increase of 5.0 per cent in nominal terms over the approved budget for 2008, while the proposed budget for 2010 represents an increase of 3.4 per cent in nominal terms over the proposed budget for

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2009. However, it may be noted that the United Nations inflation factor for 2009 is 3.2 per cent; the inflation projection of the Government of Jamaica for 2009-2010 is between 15 and 20 per cent. More than 10 per cent of the budget is subject to local inflation. Taking these factors into account, in real terms, the increase in the proposed budget for 2009-2010 is in the region of 3 per cent compared with the previous biennium.

4. It will be noted that the increase in the budget for the biennium 2009-2010 is mainly attributed to five objects of expenditure:

(a) **Communications**. Communication costs have consistently increased from year to year; the 2007 actual expenditure was 23 per cent over the 2007 approved budget for communication;

(b) **Training**. The United Nations budget provides training costs of at least 2 per cent of its staff-related costs; the Authority is proposing an increase of approximately 1 per cent of staff-related costs;

(c) **Information technology**. In keeping with developments in the information technology industry, the infrastructure of the Authority will have to be migrated to incorporate new developments and technological enhancements and discard obsolete technology. This will require an upgrade of some of its servers and related computer equipment, as well as training. Other costs are associated with the off-site hosting of the Authority website and electronic mail server, geographical information systems (GIS) upgrade and training, and migration to Windows Vista;

(d) **Building management**. Costs have been increased through the years, due mainly to electricity charges which are directly related to oil price increases. Security services have also increased by 17 per cent due to increases in Jamaica's minimum wage;

(e) **Conference service costs**. Actual conference servicing costs in 2006 and 2007 were 32 and 20 per cent more than the approved appropriations for those years. This was due to increases in United Nations-related costs, including meeting and documentation costs, as well as travel costs (increase in air fares, DSA and terminal expenses) for the United Nations meeting services team. These costs will continue to escalate with the increase in oil price and a weak United States dollar.

5. The proposed budget makes provision for the full costing of 35 established posts (19 at the Professional level and above and 16 at the General Service level). The two General Service posts that were frozen during the 2005-2006 financial period remain frozen for 2009-2010. One P-3 post has been reclassified to P-4 and one P-4 post to P-5, in consultation with the job classification unit of the Office of Human Resources of the United Nations Secretariat. The staffing table for the secretariat of the Authority is set out in annex II.

6. The proposed budget allows for one two-week session of the Authority in both 2009 and 2010. On the basis of the actual expenditure for the biennium 2007-2008, the requirement for conference-servicing costs for the next biennium is budgeted at $2,130,400, representing an overall increase of $517,500, or 32 per cent for the biennium.

7. In the report of the Secretary-General containing the programme of work for the Authority for the period 2008-2010 (ISBA/13/A/2), he proposed that during the 2008-2010 period the Authority would continue to focus on the implementation of

subparagraphs (c), (d), (f), (g), (h), (i) and (j) of paragraph 5 of section 1 of the annex to the 1994 Agreement, in particular the following main areas:

(a) The supervisory functions of the Authority with respect to existing contracts for exploration for polymetallic nodules;

(b) The development of an appropriate regulatory framework for the future development of the mineral resources of the Area, particularly hydrothermal polymetallic sulphides and cobalt-rich ferromanganese crusts, including standards for the protection and preservation of the marine environment during their development;

(c) Ongoing assessment of available data relating to prospecting and exploration for polymetallic nodules in the Clarion-Clipperton zone;

(d) The promotion and encouragement of marine scientific research in the Area through, inter alia, an ongoing programme of technical workshops, the dissemination of the results of such research and collaboration with Kaplan, the Chemosynthetic Ecosystem Group and the Seamounts Group;

(e) Information-gathering and the establishment and development of unique databases of scientific and technical information with a view to obtaining a better understanding of the deep ocean environment.

8. In addition, the Secretary-General noted that in the light of developments within the marine minerals sector, the Authority would begin to more closely monitor trends and developments relating to deep seabed mining activities, including world metal market conditions and metal prices, trends and prospects (paragraph 5 (d) of section 1 of the annex to the 1994 Agreement).

Ongoing assessment of available data relating to prospecting and exploration for polymetallic nodules in the Clarion-Clipperton zone

9. The activities to be undertaken by the Authority in this regard include further development of its Central Data Repository and the establishment of geological models and prospector's guides for mineral provinces of commercial interest in the Area, in particular polymetallic nodule deposits.

10. With regard to the Authority's Central Data Repository, it is proposed that, as part of the 2009-2010 work programme, its secretariat will continue to expand the Central Data Repository by augmenting the data already contained in it, thus generating products that provide a better indication of the possible resources of the Area and reflect the process under way in the Authority to establish reserves of metals in the mineral resources of the Area. In this regard, the structure of the database will be adjusted to cluster data and information by resource type, i.e., polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts, and by the relevant documents establishing a legal framework inclusive of environmental protection measures.

11. As part of the 2009-2010 work programme and in relation to the geological modelling of the polymetallic nodule provinces of commercial interest in the Area, the Secretary-General proposed that in addition to completing the work on a geological model of polymetallic nodule deposits in the Clarion-Clipperton fracture zone and a prospectors guide for that geographic area, the secretariat of the

Authority would initiate development of a similar model for the Central Indian Ocean basin.

Information-gathering and the establishment and development of unique databases of scientific and technical information

12. During the period 2009-2010, the secretariat of the Authority will continue to develop its environmental databases to cover the three mineral resources currently under consideration by the Authority: polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts. In relation to polymetallic nodules, the secretariat will continue to work with contractors and experts to assemble available public and private data and introduce them into the selected databases. Some of the methods to be utilized will include meetings of experts in the relevant fields and the establishment of cooperative arrangements with contractors and other private institutions for data exchange and for the establishment of data protocols. Efforts will be primarily geared to the Clarion-Clipperton zone and the Central Indian Ocean basin. However, public domain data will also be sought for other areas, such as the Peru basin. Outputs will include web-enabled bibliographic databases, a web-enabled environmental database linked to contractor and non-contractor databases, information notes on databases, and periodic reports to the Authority and its organs on the status of those databases.

Promotion and encouragement of marine scientific research in the Area through, inter alia, an ongoing programme of technical workshops, the dissemination of the results of such research and collaboration with Kaplan, the Chemosynthetic Ecosystem Group and the Seamounts Group

13. During 2009-2010, the Secretary-General proposes to convene two international workshops to review the geological model of polymetallic nodule deposits in the Clarion-Clipperton zone, its associated prospectors guide and a resource assessment of the metals of commercial interest that they contain; and to ascertain the modalities for scientific collaboration in research on cobalt-rich ferromanganese crusts deposits in the Area with a view to addressing the standardization requirements for the environmental data required for mining. A similar workshop on polymetallic sulphides deposits that was to have been convened in 2008 was postponed to facilitate the Authority's workshop on the progress that has been made in the development of mining and processing technologies for polymetallic nodules.

14. A workshop on the theme "Polymetallic nodule mining technology: current status and challenges ahead" was held in Chennai, India, from 18 to 22 February 2008 (see ISBA/14/LTC/__). The workshop established a cost model for a 1.5 million ton-per-year, 20-year integrated polymetallic nodule venture; on the basis of current metal prices and conservative estimates of capital expenditure and operational expenditure for the venture, it appeared to yield a very competitive internal rate of return. The workshop also laid the foundation for future possible collaboration among contractors, as well as between contractors for polymetallic nodule exploration and technology developers in other marine resource development fields. Finally, it better defined some of the areas (metal prices, riser applications and rates of return from relevant land-based sources for the metals contained in polymetallic nodules) that should be monitored by the Authority.

15. In his report (ISBA/13/A/2), the Secretary-General noted that the Authority has developed a practice of arranging technical briefings for the representatives of members of the Authority present in Kingston on matters relevant to the work of its Council and the Assembly. In an earlier report, he had also informed members of the Authority of the increased requests from members for regional briefings and seminars to heighten awareness of the work of the Authority and the progress achieved to date. An information seminar is planned for Nigeria in July 2008 and further such meetings are planned for the period 2009-2010.

III. Work programme and activities during the financial period 2009-2010

16. The work programme and activities for the period 2009-2010 are set out in detail in the report of the Secretary-General (ISBA/13/A/2).

A. Workshops and seminars

1. Workshops

17. It is proposed to convene two workshops and two seminars during the financial period. The first workshop will have as its objective to review the geological model of polymetallic nodule deposits in the Clarion-Clipperton zone and its associated prospectors guide; and to ascertain the modalities for scientific collaboration in research on cobalt-rich ferromanganese crusts deposits in the Area with a view to addressing the standardization requirements for the environmental data required for mining. To assist the secretariat of the Authority in preparing for the workshops, prior to each one a preparatory meeting of experts and scientists will be convened to develop a suitable agenda and to identify the major issues to be addressed. The outputs expected from the workshop to review the geological model of polymetallic nodule deposits in the Clarion-Clipperton zone and its associated prospectors guide will consist of:

(a) A report of the preparatory meeting of scientists and specialists;

(b) Publication of the proceedings of the workshop;

(c) Publication of the prospectors guide for polymetallic nodule deposits in the zone;

(d) Publication of the resource assessment of the metals of commercial interest in polymetallic deposits in the zone;

(e) A geological model of polymetallic nodule deposits in the zone;

(f) Recommendations for a programme of work to update, enhance and promote the geological model.

18. The outputs expected from the workshop to ascertain the modalities for scientific collaboration in research on cobalt-rich ferromanganese deposits in the Area with a view to addressing the standardization of environmental data for establishing environmental baselines for mining will consist of:

(a) A report of the preparatory meeting of scientists and specialists;

(b) Publication of the proceedings of the workshop;

(c) Recommendations on standards for use by contractors during exploration to collect the biological, chemical, geological and physical data components of the marine environment essential for establishing environmental baselines and for environmental impact assessments.

2. Seminars

19. Two seminars will be convened by the Authority during the financial period. The objectives of the seminars include:

(a) To inform Government officials, marine policymakers and scientists at national and regional institutions of the work of the Authority;

(b) To promote the participation of scientists from institutions in developing countries in the marine scientific research being undertaken in the Area by international research organizations.

20. The Authority's contribution to the seminars will be limited to providing resource personnel (travel and daily subsistence allowance) at the seminars.

21. It is estimated that the amount of $160,000 will be required to convene a workshop and a seminar each year. Workshop activities will comprise the convening of a preparatory meeting (10 participants), the actual workshop (25 participants) and the publication of the proceedings of the workshop.

B. Central data repository

22. During the financial period 2007-2008, work on the central data repository proceeded in a number of areas. In addition to the updating of depositary contents, a bathymetric geo-database for the Clarion-Clipperton zone was compiled that includes General Bathymetric Chart of the Oceans (GEBCO) data; grid data was provided by contractors; digitized paper maps were provided by the pioneer investors; a map interface with display functions for the available biological data was introduced on the Authority's website; and web-enabled maps of the ocean floor and its features showing mineral resource distributions and sampling locations on the ocean floor were completed. All of these products have been made available to the United Nations Atlas of the Oceans project. In addition, validation and editing of the data on cobalt-rich ferromanganese crusts have been completed and incorporated into the Central Data Repository. The database on polymetallic sulphides was updated with new data from International Cooperation in Ridge-crest Studies (InterRidge) and other researchers.

23. The costs associated with the central data repository during 2009 comprise $5,000 for the web-enabled database on marine scientific research; $10,000 for the web page on the geological model and the web-enabled bathymetric database; $5,000 for the web-enabled maps of the ocean floor and its features; $5,000 for collecting, validation and formatting of data on cobalt-rich ferromanganese crusts and polymetallic sulphides; $5,000 for the acquisition of digital images of biota associated with polymetallic nodules and polymetallic sulphides; and $5,000 for subscriptions to specialized online databases on deep sea fauna. During 2010, the requirements for the Central Data Repository will consist of $5,000 for the

web-enabled database on the environmental and biological database; $10,000 for the web-enabled maps of the different mineral provinces and resource distribution; $10,000 for updating its inventory of patents issued for deep seabed exploration/mining/processing technologies; $5,000 for the acquisition of digital images of biota associated with polymetallic nodules and cobalt-rich ferromanganese crusts; and $5,000 for subscriptions to specialized online databases on deep sea fauna.

C. Geological model of polymetallic nodule deposits in the Clarion-Clipperton fracture zone and in the Central Indian Ocean basin

24. During the financial period, the Authority will continue its development of a geological model of polymetallic nodule deposits in the Clarion-Clipperton zone. It is anticipated that the project will be completed during the financial period. During the financial period, the Authority will also initiate work on a geological model of polymetallic nodule deposits in the Central Indian Ocean basin. As was the case with the geological model and the prospectors guide for polymetallic nodules in the zone, the Authority will call upon the services of scientists with expertise in such areas as sedimentation regimes; the calcium carbonate compensation depth in the basin and its relationship with nodule grade and abundance; nodule grade and abundance in the public domain and with contractors (especially India); and biological and environmental parameters of relevance to the model.

25. In 2009, the outputs expected from work on the geological model of polymetallic nodule deposits in the zone will consist of the proceedings of the 2009 workshop; the geological model of polymetallic nodule deposits in the zone; the prospectors guide; a resource assessment of the metals of commercial interest in polymetallic nodule deposits in the zone; and an update to the Authority's database on polymetallic nodules (POLYDAT), based on the data and information obtained from the programme.

26. In 2009-2010, the outputs expected from work on the geological model of polymetallic nodules in the Central Indian Ocean basin will consist of:

(a) A report on the meeting of experts and model developers on the programme;

(b) A report on the assembly and interpretation of additional data on nodule grade and abundance from the sole contractor in the basin and from the public domain;

(c) Reports on the assembly and interpretation of data on bathymetry, nodule morphology, sediment distribution, carbonate compensation depth, oxygen minimum zone, volcanism, tectonics, biological and other environmental parameters;

(d) Resource assessments, including the application of artificial neural networking and fuzzy logic techniques.

27. A report on progress in model development will be presented to the Legal and Technical Commission in 2010, and a mid-course review meeting will be convened to draw up an action plan for phase II and the completion of the programme.

28. During 2009, $30,000 will be required to convene the meeting of experts on the Central Indian Ocean basin project; an additional $35,000 will be required for consultancy services associated with data assembly and interpretation for this project. A further $10,000 will be required to complete the geological model project for the Clarion-Clipperton zone. In 2010, $30,000 will be required to convene the mid-course meeting on the Central Indian Ocean basin project; and an additional $45,000 will be required for consultancy services associated with data integration and for resource assessments in this mineral province.

D. Promotion and encouragement of the conduct of marine scientific research

29. During 2009, $30,000 will be required to convene a meeting of specialists and experts to review the products from the Authority's collaboration with the Global Census of Marine Life on Seamounts (CenSeam) with a view to ascertaining the subsequent steps required by the Authority to determine species distribution, gene flow and ways to protect species of limited distribution from the impacts of future mining; and an additional $20,000 will be required to establish collaboration with the project on the biogeography of deep-water chemosynthetic ecosystems (ChEss) to obtain relevant information on fauna associated with polymetallic sulphides deposits in the Area. In 2010, $30,000 will be required to further the collaboration with ChEss; and an additional $20,000 will be required to initiate a project with CenSeam to determine species distribution and gene flow of species associated with cobalt-rich bearing crusts deposits on seamounts.

E. Information technology

30. For the financial period 2009-2010, information technology-related expenditure will include the cost of migrating information technology infrastructure to incorporate new developments and technological enhancements and to discard obsolete technology. The migration will require an upgrade of some of the hardware acquired in 2002-2004 and related training for the Authority's information technology and other personnel. The estimated cost of the upgrade of equipment and software is $30,700 and the cost of training for both end-users and IT staff is estimated to be $43,500 for the two-year period. Off-site hosting of the Authority's website and electronic mail server will require $12,000 in 2009 and in 2010. Licensing fees for software, including Oracle, ACCPAC and GIS, will require a yearly fee of $17,500.

IV. Scale of assessment for the contribution of members to the administrative budget

31. In accordance with the Convention and the Agreement, the scale of assessments for contributions to the administrative budget of the Authority is based on the scale of assessments for the regular budget of the United Nations, as adjusted to reflect the differences in membership between the Authority and the United Nations. For 2007 and 2008, the scale of assessments of the Authority was based on the scale of assessments for the regular budget of the United Nations for 2008. In

adopting the scale of assessments for that financial period, the Assembly and Council decided, on the recommendation of the Finance Committee, that the maximum assessment rate for the budget of the Authority should be 22 per cent and the minimum 0.01 per cent.

32. Since the scale of assessments for contributions to the budget of the Authority for 2009-2010 would be based on the scale of assessments for the regular budget of the United Nations for 2008, it is recommended that the maximum assessment rate for the budget of the Authority remain at 22 per cent, with the minimum rate remaining at 0.01 per cent.

33. It should be further noted that, in accordance with regulation 4.3 of the Financial Regulations of the International Seabed Authority, any balance from the appropriations for the previous financial period is to be surrendered. Accordingly, the Secretary-General applied $450,000 as savings from the previous years' budgets to reduce assessed contributions for 2007-2008.

V. Status of the Working Capital Fund

34. The amount approved by the Assembly for the level of the Working Capital Fund is $438,000. As at 29 February 2008, an excess of $777 had been received and credited to miscellaneous income in accordance with financial regulation 6.3(*c*).

VI. Action to be taken by the Council and Assembly of the International Seabed Authority

35. The Secretary-General recommends to the Assembly of the International Seabed Authority the proposed budget for the financial period 2009-2010. The Assembly may wish to:

(a) Approve the budget for the financial period 2009-2010 in the amount of $12,752,400, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessments for the financial period 2009-2010 on the basis of the scale used for the regular budget of the United Nations for 2008, as adjusted by the Authority, taking into account that the maximum assessment rate for the budget of the Authority for 2009-2010 will be 22 per cent and the minimum 0.01 per cent;

(c) Authorize the Secretary-General to transfer part of the accumulated surplus from the previous financial period to reduce the amount of assessed contributions for 2009-2010;

(d) Authorize the Secretary-General, for 2009-2010, to transfer between appropriation sections up to 20 per cent of the amount in each section;

(e) Urge the members of the Authority to pay their assessed contributions to the budget for 2009, on time and in full, no later than 1 January 2009;

(f) Urge the members of the Authority to pay their assessed contributions to the budget for 2010, on time and in full, no later than 1 January 2010.

Annex I

Summary of budgetary requirements for the International Seabed Authority for the period 1 January 2009 to 31 December 2010

(Thousands of United States dollars)

	Approved for 2007-2008	*2009*	*2010*	*Total for 2009-2010*
Part I **Administrative expenses of the secretariat**				
Section 1				
Established posts	5 417.6	2 734.7	2 822.1	5 556.8
General temporary assistance	37.5	18.5	19.1	37.5
Overtime	45.3	22.4	22.9	45.3
Consultants	150.0	75.0	75.0	150.0
Promotion and encouragement of the conduct of marine scientific research	100.0	50.0	50.0	100.0
Ad hoc expert groups	320.0	160.0	160.0	320.0
Central data repository	70.0	35.0	35.0	70.0
Geological model	150.0	75.0	75.0	150.0
Common staff costs	2 264.1	1 152.0	1 188.9	2 340.9
Subtotal (section 1)	**8 554.5**	**4 322.6**	**4 447.9**	**8 770.5**
Section 2				
Official travel	285.6	150.4	155.2	305.6
Subtotal (section 2)	**285.6**	**150.4**	**155.2**	**305.6**
Section 3				
Communications	145.6	82.4	85.0	167.4
External printing	100.0	53.6	55.4	109.0
Training	52.1	38.5	39.7	78.2
Library books	100.0	51.7	53.3	105.0
Official hospitality	22.0	11.0	11.0	22.0
Acquisition of furniture and equipment	56.7	29.8	29.8	59.6
Rental and maintenance of furniture and equipment	23.0	12.4	12.8	25.2
Supplies and materials	80.3	40.2	40.1	80.3
Miscellaneous services	84.2	41.5	42.7	84.2

	Approved for 2007-2008	*2009*	*2010*	*Total for 2009-2010*
Information technology	80.9	50.9	82.3	133.2
Audit fees	34.6	17.3	17.3	34.6
Subtotal (section 3)	**779.3**	**429.2**	**469.5**	**898.7**
Section 4				
Building management	550.0	318.6	328.6	647.2
Subtotal (section 4)	**550.0**	**318.6**	**328.6**	**647.2**
Total (part 1, sections 1-4)	**10 169.5**	**5 220.8**	**5 401.2**	**10 622.0**
Part 2				
Conference-servicing costs of the Authority				
Conference services	1 612.9	1 048.4	1 082.0	2 130.4
Total (part 2)	**1 612.9**	**1 048.4**	**1 082.0**	**2 130.4**
Total administrative budget	**11 782.4**	**6 269.2**	**6 483.2**	**12 752.4**

Annex II

Staffing table of the Secretariat of the International Seabed Authority[a]

Functional title	*Professional*	*General Service*
Secretary-General	1 (USG)	
Executive/Protocol Officer	1 (P-2)	
Administrative Assistant (New York office)		1
Deputy to the Secretary-General	1 (D-2)[b]	
Administrative Assistant		1
Legal Adviser	1 (D-1)[b]	
Senior Legal Officer	1 (P-5)	
Legal Officer	1 (P-4)	
Librarian	1 (P-3)	
Protocol/Administrative Assistant		1
Secretary		1
Senior Scientific Officer	1 (P-5)	
Scientific Officer (Marine Geologist)	1 (P-5)[c]	
Scientific Officer (Marine Biologist)	1 (P-4)	
Scientific Officer (Geostatistician)	1 (P-4)	
Scientific Officer (GIS)	1 (P-3)	
Marine Science Assistant		1
ICT Officer	1 (P-5)[d]	
Webmaster/Publications Officer	1 (P-4)[e]	
Database/IT Assistant		1
Executive Officer	1 (P-5)	
Secretary		1
Budget/Internal Oversight Officer	1 (P-4)	
Finance Officer	1 (P-4)	
Human Resources Officer	1 (P-3)	
Human Resources Assistant		1
Procurement Assistant		1
Budget & Treasury Assistant		1
Finance Assistant		1
Senior Security Officer	1 (P-2)	
Security Officer		1
Security Officer		1

Functional title	*Professional*	*General Service*
Driver		1
Driver		1
Driver		1
Total posts	**19**	**16**

[a] Two General Service staff posts have been frozen for the time being.
[b] It is proposed that these two posts be switched effective 1 January 2009.
[c] Inadvertently reported as a P-4 instead of P-5 in the 2005-2006 budget.
[d] Proposed reclassification from P-4 to P-5.
[e] Proposed reclassification from P-3 to P-4.